
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Renewable and Distributed Resources Subcommittee

Volume 11, No. 2

Summer 2002

State Activities

Florida

Legislature Calls for Renewables Study

The legislature passed a bill (HB 1601), which calls for the PSC (in consultation with the Department of Environmental Protection) to conduct a study of Florida's renewable energy resources. The study is intended to describe public policy "options and mechanisms to encourage the increased deployment of renewables" within the state. The study is due to the legislature by February 1, 2003. The study requirement was included in a bill related to utility recovery of environmental compliance costs.

PSC Contact:

David Jopling, (850) 413-6858

Illinois

Governor Commits to Green Power

Illinois Governor George Ryan marked Earth Day by issuing an executive order, which committed the state to buy green power for at least 5% of the electricity used by buildings owned or operated by agencies under the governor's control. The amount of renewable energy purchased will grow to at least 15% by 2020. The executive order defines "green power" as electricity generated from renewable sources such as wind, solar, organic wastes, and hydropower. It excludes the burning of municipal solid waste, wood waste, or tires.

SBC Fund Provides Wind Project Support

The Illinois Renewable Energy Resources Trust Fund is providing a \$2.75 million grant toward the development of a new 50-MW wind project in the state. According to the

Governor's Office, the project will add \$50 million to the local tax base and provide \$130,000 in annual lease payments to area landowners. Money for the trust fund comes from a system benefits charge (SBC) established in the state's 1997 electricity restructuring law. The surcharge raises about \$10 million annually—50% funds renewables projects and the other half funds clean coal technology assistance. The grant program is administered through the Department of Commerce and Community Affairs (DCCA).

DCCA Contact:

Rex Buhrmester, (217) 557-1925

Maryland

PSC Issues Disclosure Requirement

The PSC adopted rules requiring each electricity supplier or standard offer service provider to disclose to their retail customers uniform information about the environmental characteristics of the energy purchased by the customer.

The environmental information must be published in a standardized label format as part of the customer's billing materials (or in other mailings determined by the PSC), and on customer contracts and marketing materials. The environmental information to be disclosed includes the fuel mix and air emissions associated with the generation of the electricity, and any other pollutants that the PSC may determine pose an environmental or health hazard.

PSC Contact:

Craig McDonnell, (410) 767-8076

Minnesota

Solar Rebates Available

The State Energy Office is administering a Solar Electric Rebate Program, funded by Xcel Energy, for grid-connected solar electric energy installations. The program will rebate between \$2,000 and \$8,000 per participant at a rate of \$2,000 per kW. The money for the program is drawn from Xcel's Renewable Development Fund, which was established in legislation that authorized spent fuel storage at the Prairie Island nuclear power plant. Applicants can include residents, small businesses, nonprofits, schools, and local governments that are connected to the electrical grid.

MN Energy Information Center:
(651) 296-5175

New Hampshire

State Enacts "Four Pollutant" Law

Governor Jeanne Shaheen signed into law the Clean Power Act making New Hampshire the first state to legislatively require fossil fuel plants to reduce emissions of four pollutants, including sulfur dioxide, nitrogen oxide, mercury, and carbon dioxide (CO₂). Operators of existing power plants can meet the reduction requirements by installing new emissions-control technology or purchasing emissions credits, or a combination of the two.

The legislation also includes provisions to encourage energy companies to invest in energy efficiency and renewable energy.

New Jersey

State Reaffirms Green Power Commitment

The State of New Jersey reaffirmed its commitment to buy green power by entering into a contract with Green Mountain Energy Company to purchase a total of 113 million kWh of renewables-based electricity during a 15-month period. The green power purchase will represent 12% of the state government's total electricity needs with nearly 200 state facilities receiving green power under the deal.

BPU Announces Project Awards

The BPU announced \$11.3 million in awards under a program to encourage the develop-

ment of in-state, utility-scale renewable energy projects. The projects funded include wind energy (29 MW), landfill methane (4 MW), and solar photovoltaics (one MW). Project funding is in the form of production credits for completed projects on a ¢/kWh basis for a maximum period of five years and may include limited grants for design, permitting, or construction. The program is funded through the "societal benefits charge" created in the state's 1999 electricity restructuring law.

New Mexico

State Enacts Renewables Incentives

Governor Gary Johnson signed two bills creating incentives for alternative energy sources in the state. The first bill, SB 187, provides a state tax credit of 1.0¢/kWh for electricity generated from qualifying solar or wind systems of at least 20 MW in size. The second bill, HB 143, authorizes issuance of Industrial Revenue Bonds for electric generation projects—including wind energy facilities—sponsored by private companies and nonprofit organizations. The bill also allows the costs of certain wind generation equipment to be deducted from gross receipts.

State Energy Office Contact:
Chris Wentz, (505) 476-3310

PRC Proposes New Renewables Rule

The PRC has proposed a new rule to encourage the development of renewable energy in New Mexico. Under the rule, public utilities would be required to supply customers with an energy portfolio containing a progressively greater percentage of renewable energy sources, starting at 2% in 2003 and increasing to 5% in 2005 and 10% in 2007. Every utility also would be required to provide a green power service option to its customers.

PRC Contact:

Maria Brito, 505-827-6940

New York

Energy Plan Boosts Renewables

The State Energy Planning Board released the 2002 State Energy Plan, which stresses "increased energy diversity, with greater emphasis on renewable energy development

and improved energy efficiency.” The plan also includes the goal of reducing greenhouse gas emissions 5% below 1990 levels by 2010, and 10% below 1990 levels by 2020. The energy plan is developed to provide statewide policy guidance for energy-related decisions by government and private market participants within the state.

While noting that renewable energy is more expensive to produce and purchase compared to energy from fossil fuels, the report states that the use of renewables “results in a number of benefits that are not easily quantifiable but are important to the State.” These benefits include “avoidance of air pollutants from fossil fuel combustion and economic benefits arising from electricity price-hedging provided by renewable energy.”

The plan adopts an explicit renewable energy goal of increasing the share of renewable energy use 50% by 2020, which would increase renewable energy as a percentage of primary energy use from 10% currently, to 15% by 2020. To this end, the plan calls for a study of the feasibility of establishing a statewide renewable portfolio standard (RPS) for electricity generation.

**For more information:
(518) 862-1090, x3321**

Oregon

Energy Trust to Fund Wind Projects

The Energy Trust of Oregon, an independent, nonprofit organization launched in March 2002, issued an RFP to develop up to 100 MW of new wind power in Oregon. The Energy Trust has established agreements with Portland General Electric (PGE) and PacifiCorp to sign long-term power purchase agreements with the successful bidder.

The Energy Trust expects to pay up to \$8.5 million to cover the difference between the cost of the wind power and the utilities’ purchase price. However, the projects must come on line by December 31, 2003, in order to qualify for the federal production tax credit (see related story).

The Energy Trust receives funding from the 3% public purpose charge established by the state’s 1999 electricity restructuring law.

Energy Trust Contact:

Peter West, (503) 493-8888

Pennsylvania

Renewables In State’s Energy Plans

Pennsylvania Governor Mark Schweiker has accepted recommendations from his Energy Task Force “that together would establish a Pennsylvania energy policy that comprehensively addresses all aspects of energy needs.”

The task force noted that while fossil fuels are expected to be a dominant energy source for the immediate future, it must be recognized that these are finite natural resources, and that efforts to promote the development and use of clean and energy-efficient technologies must be aggressively pursued. The task force called for an increase in the use of renewable energy to supplement traditional energy sources and to further diversify the state’s energy portfolio in the long-term.

Among the renewables-related recommendations are for the state to continue its commitment to purchase renewable and cleaner forms of electricity—the state currently purchases renewable energy to supply 5% of government power needs—and to encourage investments in renewable and alternative energy sources as a supplement to traditional energy sources.

Tennessee

State Purchasing Green Power

Tennessee Governor Don Sundquist announced that all state buildings in Nashville, including the governor’s mansion, are obtaining a portion of their power from renewable sources, making Tennessee the first state government in the Southeast to purchase green power. The power is supplied through the Tennessee Valley Authority’s Green Power Switch program, which utilizes wind, landfill methane, and solar resources. The state’s green power purchase amounts to 720,000 kWh per year.

Utah

Net Metering Law Enacted

In March, Utah became the 36th state to enact a net metering law. The law requires all electric utilities and cooperatives, except for municipal utilities, to grid-connect customers with solar, wind, small hydro-power, or fuel cell systems of up to 25 kW in size.

If net metering results in excess customer-generated electricity during the billing period, the customer may carry forward a credit to offset purchases of electricity during future billing periods in the same year. Any unused credits expire at the end of the calendar year. Total customer participation is capped at 0.1% of the utility's 2001 peak demand.

Other Activities

Federal Production Tax Credit Extended

On March 9, President Bush signed into law an economic stimulus bill (H.R. 3090), which includes a two-year extension of the production tax credit (PTC) for new wind, closed-loop biomass, and poultry waste facilities. The PTC, originally created in the Energy Policy Act of 1992 and later extended to December 31, 2001, provides an inflation-adjusted tax credit of 1.5¢/kWh for electricity generated from qualifying projects. The new law extends the PTC retroactively from the end of 2001 to December 31, 2003.

Farm Bill Includes Renewables Assistance

Title IX of the Farm Security and Rural Investment Act of 2002 provides \$115 million during a five-year period to support renewables development. The funds can be used to make low-interest loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements. The grants cannot exceed 25% of a project's cost with a combined grant and loan (or loan guarantee) not to exceed 50%. The funding program will be managed by the U.S. Department of Agriculture.

Farm Bill Contact:

Lisa Daniels (Windustry), (612) 870-3462

LBNL Examines RE Funds Progress

Two reports from Lawrence Berkeley National Laboratory (LBNL) examine state experience with clean energy fund programs—16 states have established such funds, usually through a small surcharge on electricity bills. LBNL looked at programs to encourage utility-scale renewable energy projects and customer-sited photovoltaics (PV) systems.

According to the LBNL researchers, clean energy funds have had varying success in supporting large-scale projects. Using grants, forgivable loans, and production incentives, state funds have allocated more than \$265 million in support of a potential 1,500 MW of new renewable capacity. However, only a small fraction of this capacity has been built, often because developers have had difficulty finding buyers for their power.

Regarding PV incentives, LBNL finds that “buy-down” programs have proven popular among state funds for a variety of reasons: they are relatively straightforward to implement, directly engage the public, impose minimal transactions costs on the system owner, and have the potential to provide quick and tangible results. With incentive levels ranging from roughly \$2/W to as high as \$6/W, about 24 MW of PV has been installed or reserved under state buy-down programs.

LBNL Contact:

Mark Bolinger, (510) 495-2881

This newsletter is prepared for the Renewable and Distributed Resources Subcommittee of NARUC's Energy Resources and the Environment (ERE) Committee to promote information sharing on state-level renewable electric activities. It is sponsored by the U.S. Department of Energy.

Comments can be directed to Blair Swezey, National Renewable Energy Laboratory, at (303) 384-7455 or Blair_Swezey@nrel.gov
Past issues are available at:
<http://www.nrel.gov/analysis/ema/aa/projects/sren>

The Subcommittee Chair is the Honorable Phyllis Reha, Commissioner, Minnesota Public Utilities Commission.

Internet Links:

Florida House Bill 1601 Calling for a Renewable Energy Study:

http://election.dos.state.fl.us/laws/02laws/ch_2002-276.pdf

News Release on Illinois Governor's Green Power Executive Order:

<http://www100.state.il.us/PressReleases/ShowPressRelease.cfm?SubjectID=3&RecNum=1751>

Information on the Illinois Renewable Energy Grant Program:

<http://www.commerce.state.il.us/com/energy/alternate.html>

Maryland PSC Emissions Disclosure Rule Web Page:

<http://www.psc.state.md.us/psc/electric/emissiondisclosure/rules.htm>

Minnesota Energy Office Solar Rebate Program Information:

<http://www.commerce.state.mn.us/pages/Energy/ModTech/solar/main.htm>

Governor Shaheen's Press Release on the New Hampshire Clean Power Act:

<http://www.state.nh.us/governor/media/050902clean.html>

Text of House Bill 284 - New Hampshire Clean Power Act:

<http://www.gencourt.state.nh.us/legislation/2002/hb0284.html>

New Jersey BPU Press Release on Renewables Project Awards:

<http://www.bpu.state.nj.us/wwwroot/communication/20-02.pdf>

New Mexico Senate Bill 187 Providing for a State Renewables Tax Credit:

<http://legis.state.nm.us/Sessions/02%20Regular/FinalVersions/senate/S0187.html>

New Mexico House Bill 143 Providing for Industrial Revenue Bonds for Electric Generation Projects:

<http://legis.state.nm.us/Sessions/02%20Regular/FinalVersions/house/Hb0143.html>

New Mexico PRC Proposed Renewable Energy Rule:

<http://www.nmprc.state.nm.us/3619proposedenergyl.pdf>

Link to New York State Energy Plan – June 2002:

<http://www.nyserda.org/sep.html>

Energy Trust of Oregon Web Site:

<http://www.energytrust.org>

Pennsylvania Governor's Energy Task Force Recommendations:

<http://www.paenergy.state.pa.us/finalpolicy.htm>

News Release on Tennessee Government Green Power Purchase:

<http://www.state.tn.us/governor/apr2002/greenpower.htm>

Utah Net Metering Bill:

<http://www.le.state.ut.us/~2002/htmldoc/hbill.htm/HB0007.htm>

Economic Stimulus Bill (H.R. 3090) Containing PTC Extension:

<http://thomas.loc.gov/cgi-bin/bdquery/z?d107:h.r.03090:>

USDA Web Site for Farm Bill Information:

www.usda.gov/farmbill

LBNL Report on State Funds for Utility-Scale Renewable Energy Projects:

<http://eetd.lbl.gov/ea/EMS/reports/49667.pdf>

LBNL Report on State Funds for Customer-Sited Photovoltaic Systems:

<http://eetd.lbl.gov/ea/EMS/reports/49668.pdf>

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